

SUMMARY ANALYSIS OF AMENDED BILL

Author: Eng Analyst: Deborah Barrett Bill Number: AB 969
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 20, 2007
 Attorney: Douglas Powers Sponsor: _____

SUBJECT: FTB Revise Income Tax Forms To Require A Person To Report & Pay Qualified Use Tax/Operative for Returns Filed For Taxable Years Beginning On and After January 1, 2007

- ____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- ____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ____ FURTHER AMENDMENTS NECESSARY.
- X DEPARTMENT POSITION CHANGED TO SUPPORT.
- X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 9, 2007, STILL APPLIES.
- ____ OTHER – See comments below.

SUMMARY

This bill would replace the current option for a taxpayer to report use tax on the state income tax return with a requirement to report use tax.

SUMMARY OF AMENDMENTS

The August 20, 2007, amendments added provisions to do the following:

- Require Franchise Tax Board (FTB) to revise its instruction booklets to include the requirement to report use tax on an acceptable return.
- Specify the legislative intent to require specified individuals and businesses to report and pay use tax on an acceptable return to the FTB, and
- Specify that the rights and remedies under the Sales and Use Tax Laws apply to those that report their use tax on the income or franchise tax return.

As a result of the amendments, the "This Bill" discussion as provided in that department's analysis of the bill as amended April 9, 2007, has been revised. In addition, a revised "Position" discussion has been included because FTB recently voted to support the provisions of this bill. The remainder of the department's analysis of the bill as amended April 9, 2007, still applies.

Board Position: <input checked="" type="checkbox"/> S <input type="checkbox"/> NA <input type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA <input type="checkbox"/> PENDING	<table> <tr> <th>Legislative Director</th><th>Date</th></tr> <tr> <td>Deborah Barrett</td><td>09/06/07</td></tr> </table>	Legislative Director	Date	Deborah Barrett	09/06/07
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POSITION

Support.

At its June 27, 2007, meeting, the three-member Franchise Tax Board, with the member from the Department of Finance abstaining, voted 2-0 to support the provisions of this bill.

ANALYSIS

THIS BILL

This bill would eliminate the election for a taxpayer to report and pay use tax on the state income or franchise tax return and would instead require that the use tax be reported on and paid through the income or franchise tax return.

This bill would also require FTB to make changes to its instruction booklets to enable a person to report and pay use tax in a form and manner approved by the Board of Equalization. The bill would include legislative intent language that specifying that rights and remedies currently provided under the Sales and Use Tax Laws would be applicable to use tax reported on the state income or franchise tax return.

LEGISLATIVE STAFF CONTACT

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